Marketing by, for and of the project: three organizations involved in project marketing

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Project marketing by three organizations: marketing by, for and of the project

Abstract

There are, within the Project Marketing literature, two views of project marketing: project marketing is part of project management or project management is part of project marketing. The first view is effectively the engagement of stakeholders by the project; it is marketing BY the project. The second view is marketing by the contractor to obtain this and future projects; it is marketing FOR the project. In this paper we suggest that there is a third organization involved in project marketing, the initiator, who has to obtain support for the project, and its results from a wide range of other parties including sponsors, financiers, users, consumers, and the public. This is marketing OF the project. The initiator needs to market the project its output, outcome, impact and benefits at the six stages of the project and investment process: concept, feasibility, design, execution, commissioning and operation, to win financial, political and public backing for this and future projects. In this paper we review the literature on marketing BY the project and FOR the project, and propose a model for marketing OF the project.
Key words: Project marketing, stakeholder engagement, portfolio management, client engagement, project support

Introduction

Project marketing is a concept still in development. Researchers in Project Marketing have adopted a marketing perspective on projects. According to this view project marketing includes project management, by which we mean project marketing sets projects in the wider context of the project business and project portfolio, (Cova & Hoskins, 1997; Cova et al, 2002; Tikkanen et al, 2003; Skaates and Tikkanen, 2003; Lecoeuvre-Soudain & Deshayes, 2006; and Blomquist & Wilson, 2007). It is marketing FOT this and future projects by the contractor. On the other hand, researchers in project management suggest that project marketing as a project management task, (Gareis, 2005, 2006; Turner et al, 2010). They believe that project marketing is one of the roles of a project manager. It is engagement of stakeholder, and is marketing BY the project to win the support of stakeholders.

Winch (2014) has introduced a model which suggests that there are three organizations involved in the management of projects, Figure 1:

- The project: a temporary organization
- The contractor: a project-based permanent organization
- The initiator: an operations-based permanent organization

The initiator is the organization that identifies the opportunity for the project, initiates the project process and obtains the finance for its implementation. It may or may not be the eventual owner of the output from the project. A property development company, for instance, may develop a building but immediately sell it on project completion. Within the initiating organization there will be a sponsor, the person who first identifies the project opportunity and argues for its implementation, and the investor who obtains the finance for its implementation.

All three types of organization are involved in the marketing of projects. Our proposal is:

1. Project marketing being part of project management is marketing BY the project to its stakeholders and is part of the stakeholder engagement process.
2. Project management being part of project marketing is marketing done by the contractor F this and future projects undertaken by the client, and is part of the management of the project business and the project portfolio comprising the contractor's business.
3. The third element has been ignored by the project marketing literature up to now. The initiator has to market the project at six stages of the project and investment process, concept, feasibility, design, execution, commissioning and operations, (Turner et al, 2010; Turner, 2014), to win support for this and future projects from its supporters including financial and political backers and the general public.

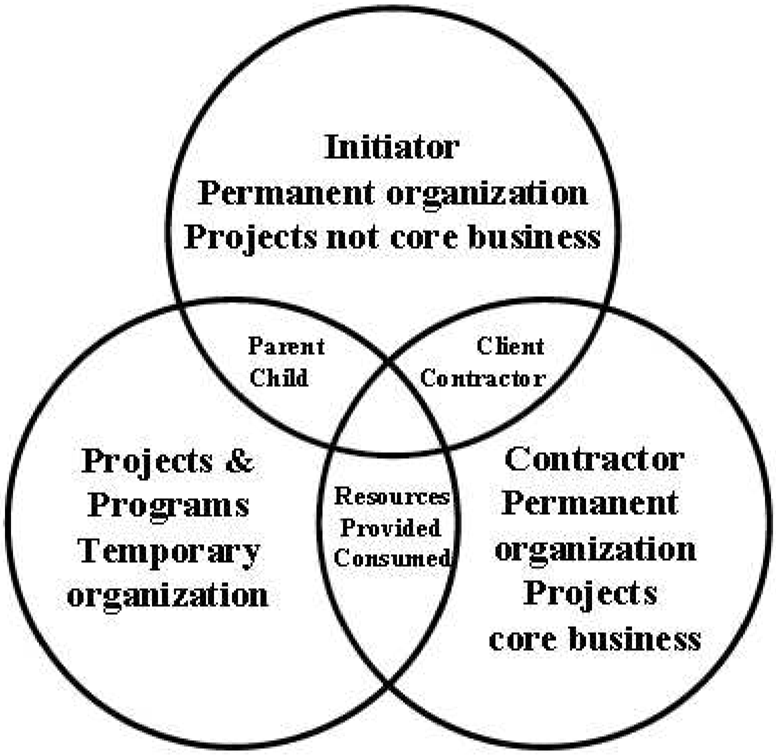

Figure 1: Three organisations involved in the management and marketing of projects, after Winch (2014).

In this paper we review the literature on project marketing. In the following two sections, we explore Project Marketing from the perspectives of project management and project marketing researchers. We also consider the relationship between project marketing and project portfolio management. However, there is little literature on marketing from the perspective of the initiator. So as a basis for our future research, we develop a model for marketing of the project by the initiator at the six stages of the project and investment process.

Project marketing from the perspective of project management researchers: marketing BY the project

Turner & Müller (2003Turner (2014) defines a project as a temporary organization to which resources are assigned to do work to deliver beneficial change. According to this view, the project is strictly limited in time, Figure 2, starting with the process of project assignment through the project charter, and finishing with the commissioning of the project's output. The project marketing process starts after the project assignment and stops before the project approval phase. Project marketing is a part of the project management process. During this entire process from project assignment to project approval, project marketing is practiced in parallel to project coordination. But by this view, there is no mention of project marketing between two projects whereas we shall see that marketeers suggest this is an essential phase where relationships and communication must be maintained to identify new project's opportunities and ensure a continuous activity of the company.

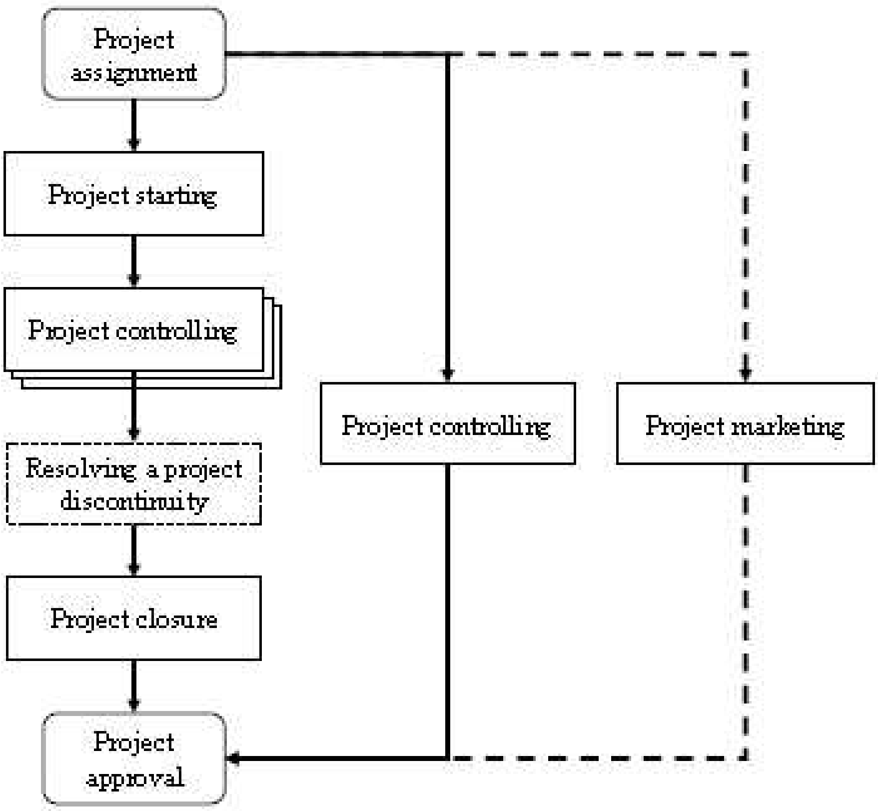

Figure 2: The project management process, (after Gareis, 2005, 2006).

The aim is to win support of stakeholders in the project. Turner & Lecoeuvre (2015) suggest that the project manager needs to be aware of the traditional 4Ps of marketing, (Kotler & Lane, 2008).

1. *Product:* the project and its output will provide benefit to the various stakeholders. Different stakeholders perceive different benefits, (market segmentation, Kotler & Lane, 2008), and the project manager needs to be sensitive to those different needs
2. *Price:* the support the stakeholders give the project is a price they pay, whether it is time, finance, emotional or political support. The benefits they perceive must be worth the price they pay.

3. *Promotion:* stakeholder engagement is a process of promotion
4. *Place of sale;* and that must be done where the project impacts on the stakeholders'' lives.

The objective of marketing BY the projectis, to communicate strategies to the project environments, (Turner et al 2010, Müller & Turner, 2010). All project marketing actions have the purpose of building trust, informing and developing consensus with the environment and contributing to integration of all activities, and is therefore part of the stakeholder engagement process, (Eskerod, 2013; Huemann et al, 2014; Turner, 2014). In projects, we can notice the difference between object-oriented marketing activities (such as cost/benefit of the project results) and process-oriented activities. Project marketing should be performed by all members of the project organization. Accomplishing these goals requires a new orientation of the project manager's roles and responsibilities. The project managers now also have marketing responsibilities, (Turner et al 2010, Müller & Turner, 2010).

Project marketing from the perspective of project marketing researchers: marketing FOR the project

By this view, a firm manages the portfolio of projects it does for a given client and the impact it has on the customer's business. Project marketing researchers (including: Cova & Hoskins, 1997; Cova et al, 2002; Tikkanen et al, 2003; Skaates, 2003; Lecoeuvre-Soudain & Deshayes, 2006; and Blomquist & Wilson, 2007) claim that while project management deals with organizational and management issues, project marketing deals with sales and marketing issues of projects. They define a project strictly from the marketing perspective, suggesting that a project is a complex transaction covering a package of products, services and works, specifically designed to create capital assets that produce benefits for a buyer over an extended period of time (Cova & Salle, 2005). They emphasize that the project concept must be redefined to encompass the management of projects, (Morris, 1997), including the activities from the very early pre-project phase to the very late post-project phase.

Project marketing focused on a customer based approach helps build and maintain long-lasting relationships with key clients avoiding short term opportunism. Project marketing also builds and maintains relationships between several projects for the same customer. Cova et al (2002) propose that project marketing is supported by the following key elements:

1. A marketing process in three phases, (Figure 3):
   - independent of any project
   - pre-tender
   - tender preparation
2. The existence of three pertinent levels of analysis and decision:
   - milieu
   - client
   - project
3. The management of business and non business actors
4. The management of a supplier's rational position and functional position
5. Risk or uncertainty as the driver of behaviour of the actors
6. Solutions as a means to create value for the customer

Figure 3 suggests that strategy is the pre-requisite for developing the project marketing process. The "independent of any project" phase should help emerging projects to be detected among the customers. The marketing approach here is defined as anticipation. The next stage is the pre-tender stage where project screening should take into consideration project characteristics and strategic intent. Once the project has been screened and requirements reviewed, we enter into the project development phase. The tender preparation phase begins with the bid to tender with negotiation and contract phases following soon after (Cova et al, R., 2002).

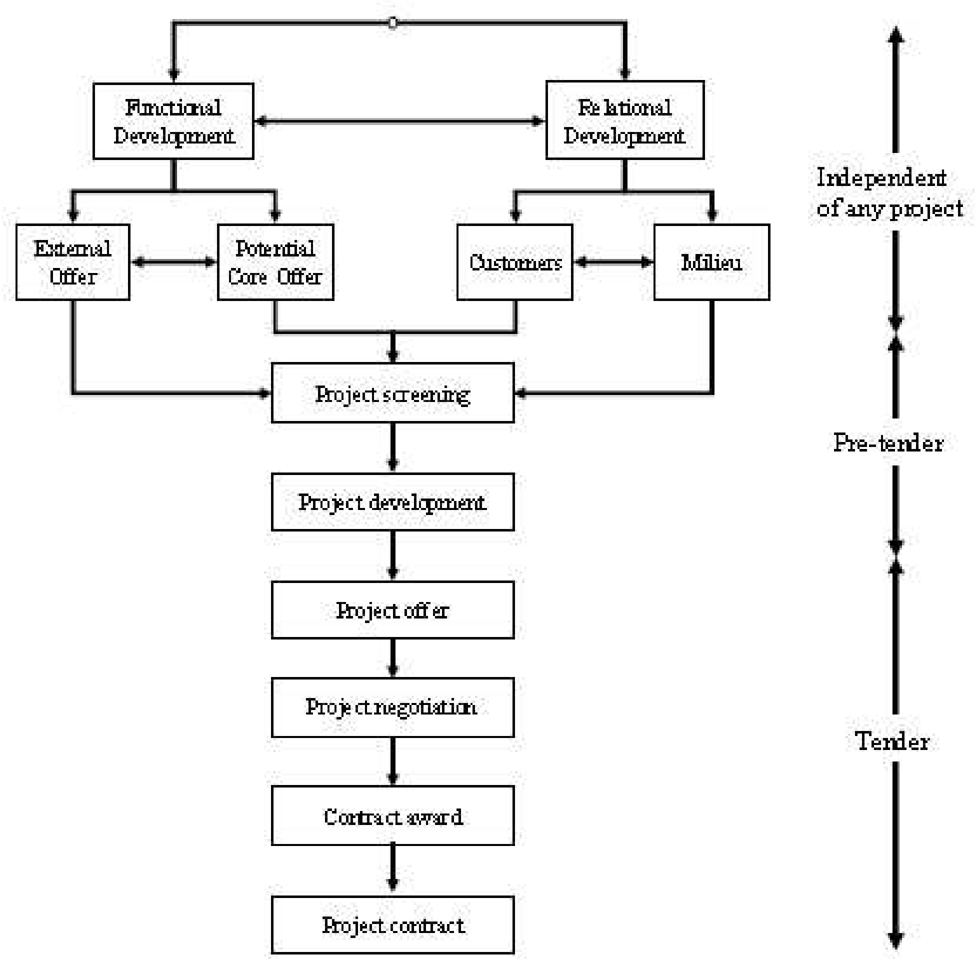

Figure 3: The project marketing process as viewed by the project marketing literature, (after Cova et al, 2002)

According to this school of thought, the first goal of the project marketing process is to win the contract. But project marketing is a continuous process that occurs during the realization and project follow up phases. The follow up phase which occurs after the project has been delivered is very crucial since this determines customer satisfaction, key account development, and its success will reduce the discontinuity of project activities (Lecoeuvre-Soudain, & Deshayes, 2006; Cova et al, 2002). For this reason Lecoeuvre-Soudain, & Deshayes (2006) added a fourth phase to the project marketing process, the post project phase, Figure 4, giving four phases of project marketing:

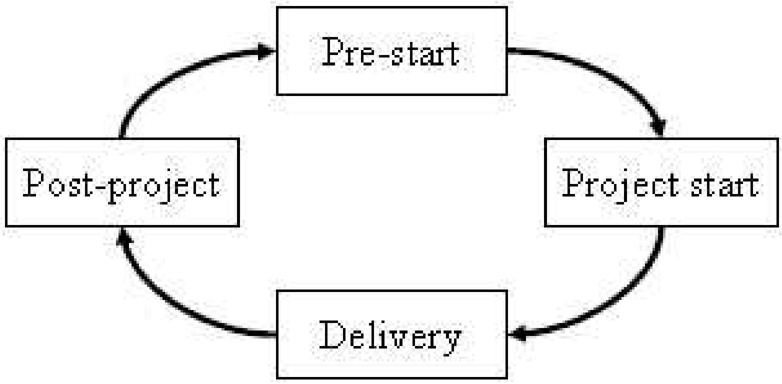

Figure 4: Four phases of project marketing (after Lecoeuvre-Soudain, & Deshayes, 2006)

1. Pre-project marketing: The project does not exist yet, but the supplier anticipates the customer's requirements, develops themes for the potential bid (Bernink, 1995), and maintains the relationship with the client.
2. Marketing at the start of the project: The supplier starts with co-construction of rules beside and within the network of influential relationships
3. Ongoing Project Marketing: The supplier, client, and subcontractors proceed with re-negotiation, modifications, follow-up, and meetings following one another with constant relationship exchanges until the end of the project.
4. Creating the conditions for future projects: The supplier maintains the relationship with the client, through ;logistics support and "sleeping relationships" which enables it to manage discontinuity in project business and prepare for future projects.

Project marketing researchers (Cova & Hoskins, 1997; Cova et al, 2002; Tikkanen et al, 2003; Skaates, 2003; Lecoeuvre-Soudain & Deshayes, 2006; and Blomquist & Wilson, 2007) consider overcoming demand-related discontinuity to be one of the major strategic issues in project marketing. After a project has been completed, a so-called "sleeping relationship" begins where there is a possibility of future need for improvements or replacements regarding the project or the requirement of certain expertise possessed by the supplier. This dormant phase is important not only in identifying project opportunities but also in building and sustaining relationships between the buyer and the seller. This phase of discontinuity is very important as relationships here are maintained by social and informational exchange throughout the phase and affect future business (Skaates & Tikkanen, 2002):

Project management versus the management of projects

Morris (1997) differentiates between project management and the management of projects, and this difference is related to the two different views of project marketing above. Similarly, Garies (2005) differentiates between the project, and the investment or asset it produces, and defines two distinct processes, the project process and the investment Figure 5. The project is the temporary organization required to deliver the asset. It begins with project assignment and ends with project closure as illustrated in Figure 2, and project management only encompasses those stages. The investment process runs from the initial concept to decommissioning of the asset. Pre-project is when the client develops its corporate strategy, which gives rise to the project, develops the project concept and conducts feasibility.

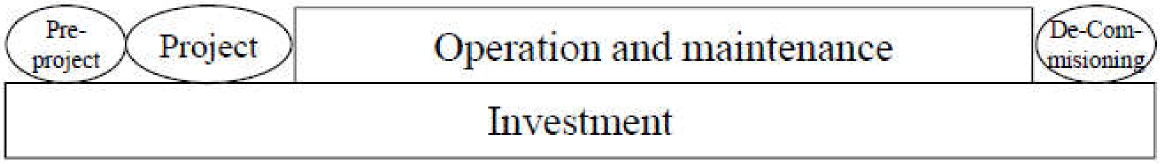

Figure 5: The project process versus the investment process, after Gareis (2005)

The project process or project management is as illustrated in Figure 2. It runs from project start to project closure, and marketing By the project is part of that process, and is the responsibility of the project manager.

The investment process or the management of projects runs from when the parent organization (initiator) stats to develop its corporate strategy which gives rise to the project, and runs through to the initial operation of the project's output, the achievement of the outcome and early benefits. The management of projects includes portfolio and program management as well as project management, (Turner, 2014). Project marketing as illustrated by Figures 3 and 4 runs in parallel with that. The contractor makes contact with the client as the client develops its initial strategy, and works with the client through the pre-project, project and operation and maintenance phases. This part of the contractor's portfolio management, and may be part of the client's portfolio and program management.

This also introduces the idea that for the client, or project initiator, project marketing is marketing of the asset or investment, rather than of the project itself. Marketing OF the project takes place throughout the entire investment process.

Project marketing from the perspective of the initiator: marketing OF the project

The third organization involved in the management of projects is the project imitator, the organization that identifies the project opportunity, that an asset can be built or a change undertaken that will provide benefit, initiates to the work of the project to build that asset and sources the finance.

Figure 6 illustrates the project and investment process due to Turner (2014). First this shows that the project produces results on several levels:

1. *The output:* This is the new asset which the project produces.
2. *The outcome:* The output is operated to provide products or services which provide benefit. They can take several forms. On an internal project, the initiator will also be the owner and will sell the project outcome to itself, and obtains benefit from the internal operation of the asset. On an external project, the initiator is also the owner, but sells the project's outcome to external parties, and obtains benefit from the revenue stream. On a development project, the initiator sells the output to a new owner. The initiator's outcome is the one off payment, from which they obtain benefit. The new owner may then operate the new asset internally or externally as above.
3. *The goals:* Operation of the outcome may with time lead to the attainment of higher level strategic goals, providing higher levels of performance improvement ands benefit.

Figure 6 also illustrates several stages of the investment (or management of projects) process. Concept, Feasibility and Front-end Design cover Pre-Project in Figure 5. Execution (which includes Detail Design) and Close-out cover Project in Figure 5. Operation and maintenance follow Close-out. The investor may want to market the output, outcome and goals through all these stages:

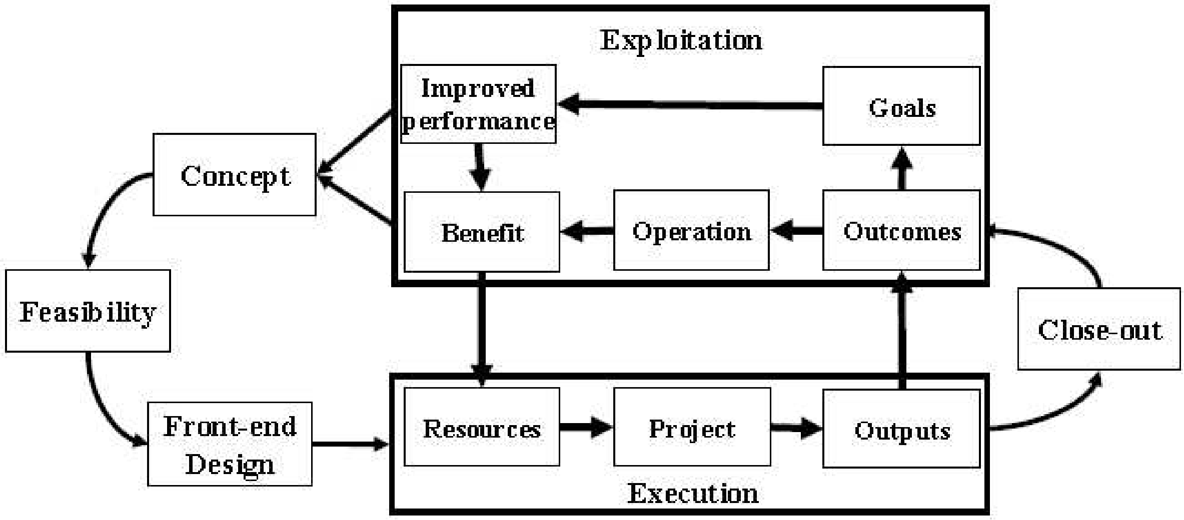

Figure 6: The project and investment process and three levels of project results.

Very little has been written about the marketing of project's output and outcome. Marketing of the output itself, or the product made by it during commissioning and early operation, can be covered by standard marketing theory. But we believe further research can be done into marketing during the pre-project and early project phases, and marketing during the operation phase to win political or public support for future projects. Early work on marketing during the pre-project and early project phases was done by Foreman (1996). However since she was looking at internal marketing, she mainly focused on one part of the initiating organization marketing the project to other parts of the same organization, and so to an extent it fell under stakeholder engagement.

We propose the do further research into marketing by the project initiator, and therefore propose the model in Table 1 as the basis for further research.

Concept: The sponsor identifies a problem or opportunity, suggests that a new asset can be built to solve the problem or exploit the opportunity in a way where the expected benefit will justify the expected cost. A potential investor needs to be persuaded to support the concept, by showing them the investment will provide adequate returns. They need to be persuaded to provide finance for the feasibility stage against the potential benefits. Political or public support needs to be obtained for infrastructure projects.
Feasibility: The feasibility of the concept is shown and the initial business plan developed. The interest of the investor needs to be maintained, and they need to be persuaded to provide finance for front end design by being shown that the potential returns still justify the cost. Political and public support needs to be maintained for infrastructure projects.
Front-end design: The business plan is further developed. The investor needs to be persuaded to provide the finance for execution, by being further persuaded of the efficacy of the proposal to provide adequate returns. Political and public support needs to be maintained for infrastructure projects.

Execution: As money is spent the investor may waiver in their commitment. It needs to be maintained. If the project doesn't progress as expected, especially if it becomes overspent, political and public support must be maintained.
Commissioning: A developer will try to sell the asset. Otherwise an internal or external market needs to be developed for the outcome. In the case of the developer or external marketing, it will be covered by standard marketing theory. In the case of the internal market it will be covered by the work of Foreman (1996).
Operation: If the outcome is being sold, the market for that product must continue to be developed. Also the value of this new asset may need to be demonstrated to win political or public support for future projects.

Table 1: Marketing of the project's output by the investor

Project stage	*Aim of Marketing*	*Examples*
Concept	Win support for the initial project concept Obtain political and public support Gaining the interest of the potential investor Obtain funding for feasibility	Winning public support for infrastructure projects. For instance with HS2, persuading that: 1. travelling to Birmingham 10 minutes more quickly is worth £50bn 2. economic regeneration of the north of England is worth £50bn
Feasibility	Maintain support for the project concept Maintain political and public support Obtain funding for front-end design	
Front end-design	Convince interested parties in the efficacy of the proposal Maintain political and public support Obtain funding for detail design and execution	
Execution	Maintain political and public support	
Close-out	Sell the project's output Establish a market for the outcome	Sell a newly built building to an investment company, or to the owner occupiers Develop a market for a new product
Operation	Establish a market for the product made by the project's output Prove to the public or political sponsors the value of the product and obtain support for future projects	Standard marketing NASA'a marketing of project Curiosity

Conclusion

To date, the project marketing literature has focused on just two elements of project marketing, marketing by the project to engage with stakeholders, and marketing for the project by the contractor, as they try to demonstrate to the client that they have the competence to do their projects, and try to win this and future projects. Based on these two elements of project marketing, there has been a debate in the literature about whether project marketing is part of project management or project management is part of project marketing. But we propose that they are two distinct elements for project marketing. The first is marketing by the project itself, and the second is marketing by the contractor for this and future work as part of their project business and the portfolio of projects they are doing.

Based on the work of Winch (2014) we proposed that there is third party involved in the marketing of projects, the project initiator, and that it needs to market the new asset the project will develop, the project output, and the products or services provided by that output, the project outcome, and that they can do this at several stages during the project or investment process. We provided an initial model of what this may entail as a basis for future research we plan to do.

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